



**Frederick County
Government
Frederick, Maryland**

News Release

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COUNTY SELLS BONDS TO FUND CAPITAL PROJECTS

FREDERICK, MD – The Frederick Board of County Commissioners today sold General Obligation Public Facilities Bonds in the amount of \$31.45 million. The bond sale will be used to pay a portion of the costs of financing and provide funding for general government, Board of Education, roads and bridges, Frederick Community College and water/sewer capital projects.

Of the nine bids received, PNC Capital Markets submitted the winning bid with a true interest cost of 2.613 percent. In July 2011, bonds were issued at a true interest cost of 3.357 percent. Had that rate been applied to this bond issue, the interest cost would have increased by \$1.6 million.

Board President Blaine Young commented, “The outstanding response from investors today to the bond sale reflects positively on our recent trip to New York City and the resulting excellent ratings we received from the major municipal rating agencies. What this means to our taxpayers is that our bonds are very desirable in the investment community and that Frederick County Government is well known for sound financial management and conservative budgeting. Our appreciation goes to our financial advisors at Davenport & Co. LLC, county manager and our Finance Division for their contributions and careful oversight of our budget.”

As announced earlier this week, the three agencies issued the following ratings for the county: Fitch Ratings, AAA; Moody’s Investors Service, Aa1, and Standard & Poor’s Rating Services, AA+. Fitch gave the county the highest possible rating and all agency ratings include a “stable” outlook.

Standard & Poor’s Rating Services review noted, “The county’s operations and finances continue to be very strong due to the implementation of cost-cutting measures over the last few fiscal years. . . It is our understanding that the county is very conservative in its budget assumptions . . . Standard & Poor’s considers Frederick County’s financial management practices ‘strong’ under its Financial Management Assessment methodology, indicating practices are strong, well embedded and likely sustainable.”

(more)

Similarly, Moody's Investors Service commented, "The Aa1 rating reflects the county's sizable and diverse tax base and sound reserve position, which has begun to stabilize following several years of declines, given management's adherence to comprehensive financial policies and commitment to maintaining structurally balanced operations . . . The stable outlook considers forthcoming federal budget cuts, their effects on Fort Detrick and the impacts on the county's economic and employment base. Despite term cuts, we believe that the county's tax base will remain sound, bolstered by ongoing development and increases in private sector jobs."

Fitch Ratings reached these conclusions about Frederick County: "General fund expenditures are conservatively forecast, contributing to net results that consistently and comfortably exceed budget projections . . . The county continues to provide funding over the OPEB (other post employment benefits) ARC for the third consecutive year . . . Fitch views even this moderate level of OPEB prefunding as a strength."

Questions related to the county's bond sale should be directed to the Finance Division at 301-600-1117.

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